

## News focus

# Environmental credit crunch

The dramatic response of many governments to the global financial crisis has led to many researchers thinking about how efforts might be mobilised to tackle growing environmental problems. **Nigel Williams** reports.

The dramatic events of recent weeks, which have seen governments mobilise huge sums of money in support of the global banking system, have got many researchers thinking about how they might be mobilised to tackle environmental problems more effectively, particularly as a recession may be an ideal opportunity to kick-start 'green' jobs.

And this was the key element of last month's Green Economy Initiative, launched by the United Nations Environment Programme (UNEP) in London. The new initiative, which is being funded by the German and Norwegian governments and the

European Commission, arises out of a study commissioned by world leaders at the 2008 G8 summit into the economic value of ecosystems. It argues that the world is caught up in not one, but three interlinked crises, with the food and fuel crunches accompanying and intensifying the financial one.

Soaring prices earlier this year of grain and oil, it stresses, have stemmed from outdated economic priorities that have concentrated on short-term exploitation of the world's resources, without considering how they can be used to sustain prosperity in the long term. Over the last quarter

of a century, says UNEP, world growth has doubled, but 60 per cent of the natural resources that provide food, water, energy and clean air have been seriously degraded.

The global economy is losing more money from the disappearance of forests than through the current banking crisis, according to the new study. It puts the annual cost of forests alone at between \$2 trillion and \$5 trillion, based on an assessment of the value of services that forests perform, such as providing clean water and absorbing carbon dioxide.

The study, headed by a Deutsche Bank economist, Pavan Sukhdev, was a focus of major interest at the World Conservation Congress in Barcelona last month.



**Focus:** The New York Stock Exchange has been at the heart of the financial crisis but researchers are keen to learn lessons from the governments' response to help tackle growing environmental problems. (Photo: Getty Images.)





**Precious:** Researchers are seeking ways to enhance the perceived value of natural habitats like this Amazon rainforest reserve. (Photo: Andre Seale/Alamy.)

The review, the *Economics of Ecosystems and Biodiversity* (Teeb), follows on from the review of the financial impacts of climate change by Sir Nicholas Stern for the British government. “The numbers in the Stern review enabled politicians to wake up to reality,” said Andrew Mitchell, director of the Global Canopy Programme, an organisation concerned with directing financial resources into forest preservation.

The aim is to complete the Teeb review by the middle of 2010, the date by which governments are committed under the Convention of Biological Diversity to have begun slowing the rate of biodiversity loss.

And another date this year, September 23, has been flagged to alert policymakers. According to measures of global consumption of natural resources calculated by the Global Footprint Network in California, this was the point in the year we used up all renewable resources on the planet and began to eat into global capital: humans move into the ecological equivalent of deficit spending, utilising resources at a rate faster than what can be generated in a calendar year.

“Globally, we now require the equivalent of 1.4 planets to support our lifestyles,” the network says. Nature has a budget, like a company, and “can only produce so many resources and absorb so much waste every year. The problem is our demand

for nature’s services is exceeding what it can provide”, it says.

This growing realisation and the failure of the current economic system are motivating many to look again at the global situation. “It took governments in the UK and the US just a week to drop decades of hardened economic practice to save the financial system from meltdown, why should it take any longer to act to save the planet?” says Andrew Simms, policy director of the New Economics Foundation think tank.

Last month, ahead of its Green Initiative, the UN launched a report on the potential to create new employment. *Green Jobs: Towards Decent Work in a Sustainable Low-Carbon World* says, “changing patterns of employment and investment resulting from efforts to reduce climate change and its effects are already generating new jobs in many sectors and economies, and could create millions more in both developed and developing countries”.

The report says that “climate change itself, adaptation to it and efforts to arrest it by reducing emissions have far-reaching implications for economic and social development, for production and consumption patterns and thus for employment, incomes and poverty reduction. These implications harbour both major risks and opportunities for working people in all countries, but particularly for the most vulnerable in

the least-developed countries and in small, island states.”

The UK announced last month the toughest goal of any industrialised country to reduce greenhouse gas emissions by 80 per cent from 1990 levels by 2050. Such an ambitious target has fuelled much scepticism, but may herald many new jobs in the development and construction of wind turbines and other forms of renewable energy sources.

Achim Steiner, executive director of UNEP, says that its programme is about growing the economy in a more intelligent, sustainable way. He says that the world market for environmental goods and services is already at \$1.3 trillion and is expected to double over the next 12 years even on present trends. “There is an enormous opportunity to ride on this increasing global demand for environmental improvement and turn it into the driver of economic growth, job creation and poverty reduction that is now so desperately needed. And in some places it is already beginning to happen.”

And another report, presented to the British government last month, called for a multibillion-pound fund to pay owners of rainforest not to cut it down. The report, by the government’s special adviser John Eliasch, says that the scheme would be a relatively cheap way to reduce climate change emissions and would also inject vital funds into developing countries to help alleviate poverty.

The review says that, without action to stop deforestation, the problem would, by itself, generate enough carbon dioxide emissions to tip the planet over the level considered crucial to avoid more than 2°C of warming.

Deforestation contributes about 17 per cent of global carbon emissions, the report says, the third biggest source behind power generation and industry, and bigger than either China or the US. Guyana has already approached the British government seeking financial support in return for preserving its forests.

“The economic arguments for nature protection are beginning to enter mainstream thinking but the approach is still new and more work is needed,” says Stavros Dimas, the European Commissioner for the Environment. “It is now vital to set up our actions to safeguard the variety of life on Earth”.